

SUGARCREEK



760 Brooks Avenue, Rochester, NY 14619-2294
716/436-2691

Chains

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Fax #: (716) 328-0787

From:

Paul Weiss

Date:

Time:

To:

R. J. Reynolds

Attn:

ROGER FARMER

Fax #:

631-3145

No. of Pages to Follow:

2

Comments:

ROGER,

ATTACHED IS A LETTER THAT KEVIN HAS SENT
REGARDING THE CHAUTAUGUA COUNTY ISSUE.

COPY TO
BRUCE & DAVE.

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760 Brooks Avenue, Rochester, NY 14619-2294
716/436-2691

May 1, 1996

Chautauqua County Legislature
Legislative Chambers
Gerace Office Building
Mayville, New York

Dear President of the Legislature:

As the President of Sugar Creek Stores, Inc., I am writing to comment on the Legislature's proposed regulations restricting the sale, distribution, marketing and advertising of tobacco products. By banning the self-service display of tobacco products, the proposed regulations will impose a huge cost upon our business, leading ultimately to the reduction of employment in our stores. The Legislature should withdraw the proposed regulations.

Sugar Creek Stores, Inc. are located throughout New York State. We employ approximately 1000 individuals. The sale of tobacco products accounts for approximately 28% of our annual revenue. We have worked hard to build our business and tobacco products are a big part of our livelihood.

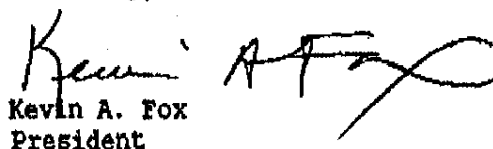
Cigarettes and smokeless tobacco manufacturers, like manufacturers of many other products, pay us promotional fees to display their products in prominent locations in our stores. We call these "Retail Display Agreements". We allocate these fees as a type of rent that we collect for the use of our valuable space. If this display ban were to go into effect, we would instantly lose valuable gross profit. In the convenience store industry, mark ups are very small. The normal level of profitability is 1¢ on a dollar of sales. If we were to lose the income generated in the loss of sales and the loss of these "Retail Display Agreements", we are going to have to reduce the amount of employment in our stores through layoffs and possibly close stores. This display ban will do real harm to our business and the lives of our employees.

The Legislature contends that it has to ban self-service displays to prevent minors from buying tobacco products. New York State already has a law prohibiting the sale and distribution of tobacco to minors. Strict enforcement of this law is sufficient to restrict access to tobacco products by minors. We support restrictions on the sale and distribution to minors and we do everything in our power to see that our employees comply with the law. We actively use the "We Card" program in our stores to control the sales of tobacco products. This program was recently endorsed by the Attorney General of New York State, Dennis Vacco.

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We believe the control of sales of tobacco products is best accomplished through education and employee knowledge. We do not believe another confusing and onerous law restricting the sale and distribution is necessary to accomplish the goal of restricting sales to minors. New York State currently has laws regulating the sales of this legal product. For these reasons, I request the proposed regulations be withdrawn.

Sincerely,


Kevin A. Fox
President

KAF/jkd

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